

UAC INSURANCE MUTUAL

Board of Trustees Meeting

Thursday, May 8, 1997, 9:00 a.m.

UAC Offices,
4021 South 700 East, Suite 180, Salt Lake City

A G E N D A

9:00	Call to Order	Gary Herbert
	Review of Board Members Absent	Gary Herbert
	Approval of March 13, 1997, Minutes	Gary Herbert
	Risk Management Program (language in Sections 3.5e, 4.2, 5.4)	Brett Rich
	Equity Plan	Brett Rich
	Broker's Report	John Chino
	Director's Report	Brett Rich
12:00	Lunch Break	
	Summary of February and March 1997 Financial Statements	Brett Rich
	Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	
	Action on Litigation Matters	Kent Sundberg
	Set Date and Time for Closed Meeting to Discuss the Character, Professional Competence, or Physical or Mental Health of an Individual	
	Other Business	Gary Herbert
1:00	Adjourn	

4021 South 700 East, Suite 180
Salt Lake City, Utah 84107



UTAH ASSOCIATION
OF COUNTIES
INSURANCE MUTUAL

UACIM BOARD OF TRUSTEES MEETING M I N U T E S

May 8, 1997, 9:00 a.m., UAC Offices, Salt Lake City

Board Members Present:

Gary Herbert, *President*, Utah County Commissioner
Gerald Hess, *Vice President*, Davis County Deputy Attorney
Sid Groll, *Treasurer*, Cache County Sheriff
Tony Dearden, Millard County Commissioner
Sarah Ann Skanchy, Cache County Council Member

Board Members Absent:

Monte Munns, *Secretary*, Box Elder County Assessor-Treasurer
Curtis Dastrup, Duchesne County Commissioner
Ty Lewis, San Juan County Commissioner
Gary Sullivan, Beaver County Commissioner

Others Present:

Kent Sundberg, Board Advisor, Utah County Deputy Attorney
Brett Rich, Director, UACIM
Sonya White, UACIM Administrative Assistant
Doug Alexander, McLaren's Toplis Claims Manager
Rich Stokluska, GRMS Account Executive

CALL TO ORDER

Gary Herbert called the meeting to order and welcomed those in attendance.

REVIEW OF BOARD MEMBERS ABSENT

In March, Gary Sullivan had an aneurysm and is recuperating in the hospital. Ty Lewis requested to be excused due to a conflicting meeting. Monte Munns requested to be excused due to county visits with the UAC Executive Board. Curtis Dastrup has not contacted the UAC offices as to why he is not in attendance. Sarah Ann Skanchy made a motion to excuse Gary, Ty and Monte from this meeting. Sid Groll seconded the motion which passed unanimously. Due to the lengthy recovery of Commissioner Sullivan, the Board directed Brett Rich to ask Beaver County Commissioner, Chad Johnson, to attend the Board meetings in Gary Sullivan's absence. Kent Sundberg will review the bylaws pertaining to illness situations.

APPROVAL OF MARCH 13, 1997, MINUTES

The minutes from the Board of Trustees meeting held on March 13, 1997, were previously sent to the Board Members for review. Gerald Hess made a motion to approve the minutes as written. Tony Dearden seconded the motion which passed unanimously.

RISK MANAGEMENT PROGRAM

Sid Groll presented changes to the Risk Management Program at the membership meeting held on April 9, 1997. Members voiced concerns regarding language in the following sections: 3.5e vehicle load policy, 4.2 personnel files, and 5.4 jail standards. Sid explained that the Board of Trustees would discuss these concerns at the next Board meeting. Brett Rich explained that members were concerned with the language in section 3.5e *Vehicle load policy (all items must be properly secured)*. Members questioned whether to include language that the load be covered. The law requires loads to be covered in some instances. The Board agreed that the counties should be complying with the law, and language which includes obeying the law, is inappropriate to include in an incentive program. Brett explained that members were concerned with the language in section 4.2 regarding the control of personnel files, specifically language; "...the governing body or its designee." Brett explained that the members were concerned with the language in section 5.4; "The Sheriff's Office adopts a form of the Utah Jail Standards." Sarah Ann Skanchy made a motion not to amend language in section 3.5e, amend language in section 4.2 to read; "...the governing body's designee", and amend language in section 5.4 to read; "The Sheriff's Office adopts jail standards for the county facility using the Utah Jail Standards as a reference resource." Gerald Hess seconded the motion which passed unanimously.

EQUITY PLAN

Pursuant to the March 13, 1997, Board meeting, the Board directed Brett Rich, Sonya White and John Chino to work on an equity plan for UACIM. Brett explained that Sonya set-up a spreadsheet showing the breakdown of premium, surplus and inverse condemnation contributions per county, per year. Using this spreadsheet, Brett divided the surplus contribution per county by the total contributed surplus, to determine the percentage each county contributed to surplus each year. Then the percentage was multiplied by the amount of surplus attributed to each fund year in the most recent financial statements (surplus remaining after losses and expenses paid) to determine the amount of equity per county per fund year. UACIM's first priority for equity is to meet the Insurance Department's surplus requirement, second priority is to pay the debenture loans and third priority is to allow for periodic distribution. Brett will continue to refine the equity plan and will report to the Board at the next meeting.

Responding to questions about the current status of surplus, Brett noted that due to administration changes within the Insurance Department, the hearing process for an exemption has been delayed. Brett will be reviewing the UACIM program with Neil Gooch next week.

BROKER'S REPORT

Rich Stokluska discussed the following timetable for the upcoming renewal process with the Board:

May 16	Renewal questionnaire and property schedule sent to each member county.
June 12	Due date for completed information.
June 30	Information to broker for bidding process.
July 31	Quotes received from excess carriers.
August 14	Set 1998 renewal contributions.
September 1	Contribution notices to counties.

Rich reported that he received a quote to add the Multi County Appraisal Trust to the D&O E&O policy of UAC and UACIM. The additional premium is \$1200 annually. Sonya White will report this information to the MCAT Board at their next meeting scheduled for May 13, 1997.

DIRECTOR'S REPORT

Actuarial Report Brett Rich explained that UACIM is required to file an Annual Statement with the Insurance Department and NAIC. An actuarial opinion must be included in the Annual Statement. Copies of that opinion were given to the Trustees at the March 13, 1997, meeting. Also, a report must be delivered to the company/insurer by May 1, from the actuary, supporting the data contained in the opinion. Brett gave each Trustee a copy of the Coopers and Lybrand Actuarial Review of Loss and Loss Adjustment Expense Reserves as of December 31, 1996. In reviewing the report, Ann Skanchy questioned the definition of "point estimates". Brett will clarify this language with John Kryska.

Squire Audit Darin Clark and Risa Cox are conducting the audit of our financial statements as of December 31, 1996. The audit must be filed by June 1 with the Insurance Department. The Audit Committee will meet on May 22, 1997, at 11:00 a.m. at the UAC Offices to review the audit prior to filing.

AIG Audit On May 15 and 16, auditors from AIG, will be conducting an audit of UACIM claim files. AIG owes UACIM approximately \$260,000 for claim years 1992 and 1993. Brett is concerned that AIG is searching for reasons not to pay the money owed UACIM. He requested authority to converse with an attorney who specializes in this area.

Loss Prevention Manager Brett explained that the Board members should have received notice that David Nelson resigned as Loss Prevention Manager—his last day will be May 9. David has requested that the Board consider continuing his health insurance through the end of May. The Board opted to discuss this request in a closed meeting.

Training Brett explained that he will conduct training in the areas of Law Enforcement and Personnel until a new Loss Prevention Manager is hired. Brett reported that the Sheriff's Association is finalizing their agenda for their November Convention. He would like to conduct training in the area of search and seizure and requested authority to arrange for a presenter with expertise in this area. Sid Groll made a motion directing Brett to hire a presenter for the Sheriff's Association Convention allotting an amount up to \$2000. Sarah Ann Skanchy seconded the motion which passed unanimously. The Board would also like to conduct training involving the UACIM program during the USACCC Fall Workshop. Brett will work with Brent Gardner and Lana Moon in coordinating this training.

Interlocal Agreement Brett explained that a resolution and a copy of the amended interlocal agreement have been sent to each member county commission/council chair with a copy to the county attorney and county clerk-auditor for approval and signature.

SET DATE AND TIME FOR CLOSED MEETING

Tony Dearden made a motion to set the date and time for a closed meeting to begin at 11:15 a.m. on May 8, 1997, to discuss the character, professional competence or physical or mental health of an individual. Sid Groll seconded the motion which passed unanimously.

Sarah Ann Skanchy made a motion to conclude the closed meeting. Tony Dearden seconded the motion which passed unanimously.

Tony Dearden made a motion to continue David Nelson's health benefits until the end of May 1997. Sarah Ann Skanchy seconded the motion which passed unanimously.

Sarah Ann Skanchy made a motion authorizing Brett Rich to begin advertising for the position of Loss Prevention Manager with a starting salary range of \$35,000-\$50,000—negotiable depending on experience. Also, authorizing Brett to hire temporary assistance, as needed for loss prevention activities, until the position is filled. Gerald Hess seconded the motion which passed unanimously.

SUMMARY OF FEBRUARY AND MARCH 1997 FINANCIAL STATEMENTS

The month ending February and the month ending March 1997, Financial Statements were previously sent to the Board for review. Brett Rich explained that the debenture loans are listed as "borrowed surplus" on the statements. Also, the statements prepared by Squire and Company show a line item comparison to the prior year. The *Schedule of income and surplus by policy year*, from inception to date, shows the current amount of surplus for each fund year. Brett explained that controlling losses will relieve the dependence on the attachment point. Brett reviewed the total incurred comparison chart at 16 months and 28 months.

SET DATE AND TIME FOR CLOSED MEETING

Sid Groll made a motion to set the date and time for a closed meeting to begin at 1:15 p.m. on May 8, 1997, to discuss the character, professional competence or physical or mental health of an individual. Sarah Ann Skanchy seconded the motion which passed unanimously.

Sarah Ann Skanchy made a motion to conclude the closed meeting at 1:25 p.m. on May 8, 1997. Gerald Hess seconded the motion which passed unanimously.

Gerald Hess made a motion authorizing Brett to; 1) retain an attorney for consultation during the AIG audit, 2) identify the guidelines for that person to operate under, 3) notify Aon concerning the audit and indicate that support and assistance during the process are expected, and 4) notify Baird Morgan concerning the audit and indicate that support and assistance during the process are expected. Tony Dearden seconded the motion which passed unanimously.

SET DATE AND TIME FOR CLOSED MEETING

Sarah Ann Skanchy made a motion to set the date and time for a closed meeting to begin at 1:28 p.m. on May 8, 1997, to discuss pending or reasonably imminent litigation. Gerald Hess seconded the motion which passed unanimously.

Gerald Hess made a motion to conclude the closed meeting at 1:45 p.m. on May 8, 1997. Sid Groll seconded the motion which passed unanimously.

Sarah Ann Skanchy made a motion authorizing settlement up to \$80,000 on claim number 801UIN94702301. Tony Dearden seconded the motion which passed unanimously.

Gerald Hess made a motion authorizing payment of the remaining attorneys fees, upon extensive review of the charges, on claim number 801CAC93701002, in an amount up to \$47,935.68. Sid Groll seconded the motion which passed unanimously.

Sarah Ann Skanchy made a motion authorizing settlement up to \$27,015 on claim number 801UTA978088. Sid Groll seconded the motion which passed unanimously.

OTHER BUSINESS

Sarah Ann Skanchy questioned the county's liability involving the Children's Justice Center in Cache County. Since the Center is not a county operated program, Brett Rich recommended that the Justice Center obtain their own insurance, possibly through the State Risk Management program since the Attorney General's office is promoting the program.

Gary Herbert began discussion relating to the bidding issue UACIM encounters each year. The Board discussed hiring a consultant to evaluate the UACIM program. Rich Stokluska explained that some companies use "bid specs" as a prerequisite for provided coverages. He also suggested that the Board may want to publish a promotional document reiterating the purpose of the mutual and why it was formed, how well the mutual has done, ways to deal with outside pressure, etc. The Board directed Brett and Brent Gardner to make a recommendation to the Board at the next meeting regarding this issue.

Brett Rich noted that in the January 23, 1997, Board minutes, Monte Munns was elected as the secretary of the UACIM Board of Trustees but the minutes do not recite the election of the remaining officers. Officers must be elected by the Board each year following the annual meeting. Tony Dearden made a motion to ratify a clarification of the motion in January to include the elections of Gary Herbert as President, Gerald Hess as Vice President, and Sid Groll as Treasurer. Sid Groll seconded the motion which passed unanimously.

The next meeting of the Board of Trustees will be held Friday, June 13, 1997, at 9:00 a.m. in the UAC offices.

4021 SOUTH 700 EAST

SUITE 180

MURRAY

UTAH 84107

801-265-1331

FAX 801-265-9485

MEMORANDUM

TO: UACIM Board of Directors

FROM: L. Brent Gardner

DATE: May 1, 1997

SUBJECT: Health Insurance For David L. Nelson

David Nelson's final day with UAC is May 9, 1997. He has asked if the UAC would insure him with Health Coverage until the end of May. In calling the Utah Local Governments Trust, since we pay on a month-by-month basis, we can stop coverage at any time (it's up to UAC). UAC can elect to pay the premium for him or ask him to pay the balance after May 9. The current premium rate for health, vision & dental is \$603.06, or \$19.45 per day. For health only, the rate is \$533.46, or \$17.21 per day.

AFFIDAVIT OF GARY R. HERBERT

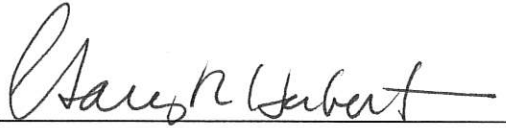
STATE OF UTAH)
)
COUNTY OF SALT LAKE)

Gary R. Herbert, being duly sworn upon oath, deposes and says:

1. That the affiant has personal knowledge of the matters hereinafter referred to in this Affidavit.
2. That the Affiant, on or about the 8th day of May, 1997, presided over a meeting of the Utah Association of Counties Insurance Mutual Board of Trustees, an open and public meeting within the provisions of Chapter 4, Title 52, Utah Code Annotated, 1953, as amended.
3. That a quorum of the Utah Association of Counties Insurance Mutual Board of Trustees was present and at least two-thirds of the members present, voted to close the meeting pursuant to the provisions of Section 52-4-4, Utah Code Annotated, 1953, as amended, for the purpose of discussing the character, professional competence, or physical or mental health of an individual.
4. That the affiant was present throughout the meeting and, pursuant to the provisions of Section 52-4-7.5, the affiant does hereby affirm that the sole purpose for closing the meeting was to discuss the character, professional competence, or physical or mental health of an individual or individuals.

FURTHER, Affiant saith not.

DATED this 12th day of March, 1998.



GARY R. HERBERT, President
Utah Association of Counties Insurance Mutual

On the 12th day of March 1998, personally appeared before me Gary R. Herbert, who, after being by me duly sworn, deposed and said that the information contained in the above and foregoing Affidavit is true and correct.



Residing at:

My Commission Expires:


NOTARY PUBLIC
Salt Lake City, Ut
1-31-2002

